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June 26, 1997

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JUN 26 1997

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street NW Room 222
Washington DC 20554

In the Matter of:

Access Charge Reform

CC Docket No. 96-262

Dear Mr. Caton:

Enclosed are an original, 16 copies plus two extra public copies, and a diskette copy of the Comments of Cincinnati Bell Telephone Company's Further Notice of Proposed Rulemaking in the above referenced proceeding. A duplicate original copy of this letter and attached Comments is also provided. Please date stamp this as acknowledgment of its receipt and return it. Questions regarding these Comments may be directed to Patricia Rupich at the above address or by telephone on (513) 397-6671.

Sincerely,

Donald I. Marshall

Enclosure

cc: Competitive Pricing Division (two copies)

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)

Access Charge Reform)

CC Docket No. 96-262

COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

I. INTRODUCTION

Cincinnati Bell Telephone Company ("CBT"), an independent, mid-sized local exchange carrier, submits these comments in response to the Commission's Further Notice of Proposed Rulemaking (FNPRM) released May 16, 1997, seeking comment on the imposition of a presubscribed interexchange carrier charge (PICC) on special access lines and the allocation of general support facilities (GSF) costs for price cap LECs. CBT opposes the imposition of a PICC on special access lines as well as any change in the allocation of GSF costs.

II. DISCUSSION

CBT asserts that the Commission should not impose a PICC on special access lines to recover common line revenues. The Commission recognizes that such a requirement would be inconsistent with its established practice that special access not subsidize other services.¹ At the very time when the Commission is moving to a cost-causative system of access charges by removing subsidies from access rates, the idea of adding a new subsidy to a highly competitive service is counterproductive and economically inefficient. With this proposal, the Commission is

¹ FNPRM at ¶ 404.

attempting to correct pricing inefficiencies created by the current subsidies by creating a new subsidy and associated pricing inefficiencies. CBT submits that it is better to live with the possible shift from switched access to special access that the Commission believes may occur as a result of the PICC than to try to correct it by imposing a new subsidy on a competitive service.

As shown in the comments of CBT and others filed in this proceeding, the market for special access is highly competitive.² Incumbent LECs have lost or will lose market share in every major city and CBT is no exception. With the availability of unbundled elements and increased use of collocation under the requirements of the Act, competition for special access will continue to expand. CBT urges the Commission not to distort the efficiencies of a competitive market by imposing unnecessary subsidies on special access services.

CBT also asserts the Commission should not, at this time, change the allocation of GSF costs. The Commission proposes two options to change the allocation of price cap LECs' interstate GSF costs to respond to AT&T's claim that the current allocation results in an implicit cross-subsidy of nonregulated billing and collection services. This is not a new issue. The Commission has not seen fit to change the allocation in the past and CBT submits that the Commission has shown no evidence that circumstances have changed sufficiently to warrant a change at the present time. CBT asserts that instead of continuing the piecemeal approach to correcting misallocations, the Commission should request that a joint board be convened to address separations reform. Once separations reform has concluded, the Commission should proceed with correcting Part 69 misallocations.

However, if the Commission decides to move forward with changes in the allocation

² Comments of CBT filed January 29, 1997 at pp. 3-4.

process without going through the joint board, the Commission should reject the two options proposed in the FNPRM. The first option would require a detailed study every six months to ascertain the use of computer investment in Account 2124. Conducting such a study could be particularly burdensome for smaller price cap LECs like CBT. CBT questions whether the insignificant reduction in access rates that this proposal would generate, warrants the additional burden that these studies would require.

Although the second option is administratively simpler, it would result in the allocation of some support facilities to billing and collection which are not associated with billing and collection, such as Special Purpose Vehicles and Garage Equipment. It makes no sense to correct one misallocation only to create another.

If a change is to be made, CBT supports the alternative proposed in USTA's comments in this FNPRM which simplifies the process by using currently available accounting data and avoids changes to other access elements.

III. CONCLUSION

CBT urges the Commission not to apply PICCs to special access lines, nor to change the allocation of GSF costs.

Respectfully submitted,



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Filed: June 26, 1997

427240.02

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the foregoing Cincinnati Bell Comments of Further Notice of Proposed Rulemaking have been sent via first class United States Mail, postage prepaid, or by hand delivery, on June 26, 1997, to the persons listed on the attached service list.


Judy Piepmeier

*via Hand delivery

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